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PP RUEHWEB

DE RUEHRL #0341 0771614
ZNY SSSSS ZZH
P 171614Z MAR 08
FM AMEMBASSY BERLIN
TO RUEHC/SECSTATE WASHDC PRIORITY 0711
INFO RUCNFRG/FRG COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0935

S E C R E T BERLIN 000341

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SIPDIS, ISN, EUR, EAP

E.O. 12958: DECL: 03/17/2033
TAGS: [ETTC](#) [KNNP](#) [PARM](#) [PREL](#) [MTCRE](#) [KSCA](#) [GM](#)
SUBJECT: (S) GERMANY REQUESTS INFORMATION REGARDING CARBON
FIBER TECHNOLOGY TRANSFERS TO CHINA

Classified By: Global Affairs Unit Chief Craig M. Conway for
reasons 1.4 (b) and (d).

11. (U) THIS IS AN ACTION REQUEST. PLEASE SEE PARA 5.

12. (S) MFA Export Control Division Desk Officer Nancy Reck provided Global Affairs Officers March 14 with a German-language nonpaper requesting information on how the U.S. handles export licensing for carbon-fiber production technology to China. The inquiries in the nonpaper relate to a pending export license application. The German nonpaper requests a response by March 31, 2008.

13. (S) Reck declined to divulge the name of the firm applying for the license but, when pressed, said the firm is a German company with operations in California. According to Reck, the German firm would like to transfer carbon-fiber production technology to a facility in China. In addition to the specific questions posed in the German nonpaper, Reck said, German export control officials would also appreciate any information concerning relevant U.S. export license denials and, to the extent possible, information on any China-specific licensing-related inquiries the USG may have received from U.S.-based offices of German companies involved in carbon-fiber production.

14. (S) Begin informal Embassy translation of German-language nonpaper:

Germany would appreciate information in connection with technology transfers, specifically the export of carbon-fiber production technology to China. In connection with this, we are interested in learning about U.S. licensing practices with respect to transfers of carbon-fiber production technology to China, in particular:

-- Has the U.S. already approved or denied transfers to China of carbon-fiber production technology (e.g., technology listed under NSG Section, 2.C.7 and Wassenaar Arrangement Section 1.C.10.b or under NSG Section 2, 2.E.1 and Wassenaar Arrangement Section 1.E.1)? If there are cases where transfers of carbon-fiber production technology of a different quality (higher or lower valency) have been approved, we would likewise appreciate corresponding information.

-- Hypothetically, would such a request for the transfer of the latest carbon-fiber production technology be approved under U.S. export controls? The reason for asking this question is that the applicant company for the technology transfer wants to transfer production from the U.S. to China.

-- If such a transfer were to be approved, would it be granted: for an exclusively Chinese company?; for a U.S.-Chinese joint venture?; or for a branch of a U.S.

company?

-- How does the U.S. deal with the danger of misuse? What precautions does the U.S. take to mitigate this risk?

Beyond this, information on the following questions would be helpful:

-- Is the equivalent quality of U.S. carbon-fiber production technology already available in China?

-- How does the U.S. assess the danger that such technology might be diverted to end-users of concern in China or third countries?

-- How does the U.S. assess the danger of misuse of carbon-fiber production technology for missile technology-related or conventional arms-related purposes in China or in third-countries?

This inquiry refers to a pending application and requires immediate action. We would therefore appreciate a response no later than March 31, 2008.

End text of informal Embassy translation.

15. (SBU) ACTION REQUEST: Post requests Department guidance in responding to the questions posed in the German nonpaper.
TIMKEN JR